Health Insurance Reform
KEEPING YOUR COVERAGE
Myth vs. Reality

Health insurance reform brings stability, affordability and consumer protections to the health insurance system for American workers and their families. Many of the consumer benefits in this new law have already gone into effect, and over the coming months, many more will be implemented. The specifics of one important provision, the promise that "if you like the plan you have, you can keep it," were recently detailed in a regulation issued by the Departments of Health and Human Services, Treasury and Labor. That regulation makes clear that individuals and families will be able to keep their existing plans if they like them and it spells out the important protections consumers will benefit from under the law. This regulation is also important because it provides flexibility to permit employers who offer quality insurance to make routine changes while still continuing to offer the same coverage to employees. And it protects employees by discouraging employers from using health reform as an excuse to cut their benefits or increase their cost sharing. Unfortunately, some want to use this and other announcements to make false claims about health reform. The document below makes clear the myths and realities of this new announcement.

Myth: Not all those who like what they have will keep their plan, breaking an important promise in health reform.

Reality: The new regulation absolutely allows employers and employees to keep their plan if they choose to do so. The rule gives employers significant flexibility to make standard changes from year to year and still be considered "grandfathered" under the law. This term means the plan will not change significantly and those covered by that plan will be able to keep their current coverage.

Myth: People who work for small businesses or purchase coverage on their own are especially vulnerable to losing their existing plan even if they like it.

Reality: These folks <u>will</u> be able to keep their current coverage, if they <u>choose</u> to do so. But in the individual and small group markets in particular, people frequently chose NOT to keep their current coverage. Why? Because the price of plans fluctuates significantly from year to year in this market, and consumers want to find the best plan and the best deal, many choose to switch plans. Health reform will benefit people in these markets significantly because the law creates new consumer protections, including free coverage of recommended prevention services, like mammograms and colonoscopies, and guaranteed access to critical providers like OB-GYNs and pediatricians. Plus, tax credits to help small businesses purchase the coverage of their choice are already available. And in 2014, individuals without employer sponsored coverage will also be eligible for tax credits to purchase the coverage they choose in new insurance marketplaces, where it is easy to find and compare quality insurance plans.

Myth: People who criticize the new "grandfathering" regulations are trying to protect consumers.

Reality: The "grandfathering" regulations include important and popular consumer protections. Those who oppose the rule are also opposing these important protections for all consumers, including rules that ban lifetime limits on health coverage; rules barring rescissions of coverage when people get sick and have previously made an unintentional mistake on their application; and the extension of parents' coverage to young adults under 26 years old. Those who oppose this new rule are also opposing rules that require insurance companies to provide coverage for children with pre-existing conditions and rules preventing restricted annual dollar-amount limits on coverage for the vast majority of Americans who get their health insurance through employers, irrespective of whether their plan is grandfathered.

CONTINUED

Myth: If employers make routine changes to their plan, like adjustments in cost to keep pace with medical inflation, they will lose their "grandfathered" status, and as a result, their employees won't be able to keep their current coverage.

Reality: The rule DOES allow employers to make routine changes and maintain their status, including adjustments in cost that keep pace with medical inflation. Employers will also be able to add benefits and consumer protections, make modest adjustments to existing benefits, or make other changes to comply with state or federal laws. Even premium changes are not taken into account when determining a plan's "grandfathered" status.

Myth: This regulation will hurt employers because they won't be allowed to make changes, forcing the employers to shoulder new costs.

Reality: This regulation DOES allow employers to make routine changes. What the regulation is designed to do is prevent employers from using health reform as an excuse to significantly reduce health benefits or raise cost sharing for employees and their families. Some examples of the types of significant changes employers will NOT be allowed to make are: ending coverage of chronic conditions like diabetes; raising co-payments, co-insurance, or deductibles for patients when they see a health care provider more than 15 percentage points above the rate of medical inflation; significantly decreasing the employer contribution to employees' health insurance premiums; or adding or significantly increasing an annual limit on how much coverage an individual could get if he or she becomes very sick and needs significant coverage.